3: Hiscocks G-4, 5 (1946-1949) 1953 EK1 Austria EK1

kilometres of track being electrified and in the annual saving of 300,000 tons of hard coal. The new programme worked out under the stimulus of ERP aid would mean saving a further 700,000 tons of imported coal. Quite apart, therefore, from the possibility of recovering transit traffic in the future, the new developments would lead to a substantial economy in foreign exchange.

In 1936–7 about 80 per cent of Austria's trade deficit had been covered by the earnings of the tourist industry. After the War some years were to elapse before the number of foreign visitors approached the pre-War figure. There were several reasons for this. The total war damage suffered by the industry was estimated at 270 million schillings in terms of 1937 prices and at about 1,500 million schillings with the schilling at its 1950 value. Out of 200,000 beds available for tourists in 1937, 80,000 were lost, of which half had been suitable for foreign visitors. Accommodation for a further 30,000 was requisitioned by the occupying Powers in the early post-War years. In addition, serious obstacles were presented by the food shortage and the difficulty of obtaining passes for entering the country and for crossing the zonal boundaries.

Efforts were made both by the Austrians and the Western Allies to establish the conditions necessary for the revival of the industry. In October 1946 an Austrian organization was established for this purpose. In 1947 arrangements were made by which food was purchased abroad in order to provide foreign tourists with rations on a basis of 4,600 calories a day without depleting the limited Austrian supplies. The following year the Austrian Government was made responsible for the issue of visas to intending visitors, and the visitors, once in the country, were free to move about between the different zones. Yet, in spite of these measures, progress was slow. In 1947–8 the volume of foreign tourists, measured both in numbers and length of stay, amounted to only about 12 per cent of the 1936–7 figure, and in terms of foreign exchange earnings the comparative value was considerably less.

The ERP planners recognized the vital importance of the

3: Hiscocks G-4, 5 (1946-1949) 1953 EK1 Austria EK1

tourist industry in Austria, though it was not until 1950 that a substantial allocation of counterpart funds was first made. Help was needed for the rebuilding and modernization of hotel accommodation, for the construction of ski-lifts and cable railways in mountain resorts, and for the establishment of publicity offices and information centres abroad. The number of tourists from East and South-east Europe had fallen off considerably, while visitors from Italy, Western Europe, and North America were increasing. This meant that post-War tourists from abroad, on the whole, expected a higher standard of comfort and amenities than had been available in the past.

From an economic standpoint no country had a greater need than Austria for the assistance made available under the European Recovery Programme. In few countries, moreover, was the establishment of a sound economy as important from a political point of view. That these two considerations were appreciated by the Economic Co-operation Administration in Washington is shown by the fact that during the first year of Marshall Aid, Austria received a higher allocation per head than any other country. In the second year its share per head was exceeded by Holland only.

The establishment of the counterpart account made it possible for Austria to embark on a much larger investment programme than had previously been possible, at a time when war damage and the legacy of incomplete heavy industrial plant made such a programme particularly desirable. In 1937 only 6 per cent of the national income had been devoted to investment, while in the ERP years the percentage varied between 17 and 21. In the allocation of funds preference was given to projects which promised to improve Austria's trade balance within a short space of time, but this main principle had to be combined with the need to round off and complete, as far as seemed expedient, the great installations that had been left unfinished at the end of the War.

Direct aid was used at first mainly to import food and the raw materials necessary to enable domestic industry to resume production. As the general situation improved, it was possible

3: Hiscocks G-4, 5 (1946-1949) 1953 EK1 Austria EK1

With the help of counterpart funds the war damage suffered by the Austrian railways had practically been made good by the end of 1949. Steady progress was also made with the programme of electrification. By December 1952 the electrification of the main line between Vienna and the Vorarlberg was complete, and 22 per cent of Austria's whole railway system, or about 1,350 kilometres of track, had been electrified. During 1951 receipts for international transit services carried out by the railways covered 6·8 per cent of the country's total trade deficit (including imports under ERP).[1]

The tourist industry recovered rapidly with ERP assistance and the return of more normal conditions. In 1951 Austria was visited by about 1,200,000 foreigners, and the number of nights spent in the country by foreign tourists rose to 5,712,025 from 920,555 in 1948. The increase continued the folllowing year. The industry was stimulated considerably in the summer of 1951, by the decision of the Western Allies, in conjunction with the Austrian Government, to allow the entry of Germans into Austria from the West German Republic without special documentation. As a result, West Germany provided by far the most tourists in 1951, and it was followed by Britain, Italy, Switzerland, and France. Interesting developments about the same time were the increasing number of visitors from the West to Vienna and resorts in the Russian zone and the rise in the number of tourists from Yugoslavia.

Although the total volume of foreign tourists measured in numbers and length of stay amounted in the tourist year 1951–2 to about 93 per cent of the 1937 figure, the total earnings in foreign exchange were about $22·5 million, compared with $41·1 million in 1937, when the real value of the dollar was about twice as much. The industry thus covered only 19 per cent of the country's total trade deficit compared with 80 per cent in 1936–7. This unfavourable disproportion in receipts was due partly to a change in the type of tourist,

[1] The deficit in Austria's balance of trade in 1951 was:—

4,392,425,000 schillings (ERP included),
1,649,723,000 schillings (ERP excluded).

3: Hiscocks G-4, 5 (1946-1949) 1953 EK1 Austria EK1

partly to the low Austrian prices, which themselves had contributed to the revival of the tourist industry, but even more to the black-market dealings in foreign exchange, often carried out by the wealthier tourists, which cheated the country of its legitimate earnings.

The ultimate test of Austrian recovery, however, was the extent to which the country had approached national solvency. The success of Marshall Aid could best be measured by its effect on the revival of Austria's foreign trade.

Since 1950 the level of Austrian exports has been much more satisfactory than during the preceding three years. Between 1947 and 1951 the volume of exports expressed as a percentage of the 1937 figure rose from 26 to 110. During the same period the volume of commercial imports increased from 24 to 87 per cent of the 1937 level. During the second half of 1950 there was for the first time a surplus of exports over commercial imports, although commercial imports did not nearly cover Austria's total needs, which were still in a large measure satisfied by ERP deliveries.

These results were achieved only as a result of strenuous Austrian efforts in the face of great difficulties.

One of the chief obstacles to trade revival was the loss of markets in East Europe. In the past, Austria's East European customers had been happy to take her consumer goods in return for such vital Austrian requirements as food and coal. But since the War they had been unable to provide Austria with the food that she needed, and, as part of Russia's economic plan for the area, had been endeavouring to build up their heavy industries at the cost of renouncing all imports but basic necessities. In 1937 they had taken nearly half of Austrian textile and clothing exports. In 1950 they took only 7 per cent. What they wanted were such things as steel, aluminium, and cellulose, for which Austria had little difficulty in finding markets and which she was only willing to deliver in return for such goods as food and coal.

Thus Austria had to find markets for her finished products elsewhere. It was not easy to do so in Western Europe, where